Deloitte Access Economics
June 2018 Dairy Bulletin

Commodity milk price index (CMPI\(^1\))

Index. July 2008 = 100

CMPI up 1\% from March to April 2018

Estimated to have declined 3\% from April to June

June 2019 forecast to be 3\% down on June 2018

**Recent trade**

- **SMP**
  - ↑ 3\% from Mar 18
  - ↓ 15\% from Apr 17

- **WMP**
  - ↑ 11\% from Mar 18
  - ↑ 11\% from Apr 17

- **Butter**
  - ↓ 6\% from Mar 18
  - ↑ 25\% from Apr 17

- **Cheese**
  - ↓ 3\% from Mar 18
  - ↑ 4\% from Apr 17

Australian export volumes down 10\% (Mar-Apr), which is typical for April trade.

EU prices (27 May-10 June) – SMP +2.1\%, WMP +0.7\%, butter +1.2\%, cheddar -0.7\%.

USA prices (27 May-10 June) – SMP -1.9\%, WMP +1.6\%, butter +1.2\%, cheddar -0.1\%.

**Future prices**

Deloitte Access Economics forecasts lower prices for Australia’s exports overall, including rural export prices. This, combined with the recent history of the CMPI, leads to the 12 month forecast for the CMPI being relatively steady or declining.

ABARES forecasts for 2018-19 prices that vary by commodity: SMP +2.0\%, WMP -3.8\%, butter -11.1\%, cheese -3.1\%.

EU MMO forecasts flat WMP prices, higher SMP prices, lower butter and cheese prices for 2019.

USDA forecasts dairy commodity prices to remain relatively stable or declining from 2018 to 2019.

Dairy Australia has a neutral outlook for global supply and demand.

Rabobank 2018-19 annual average southern Australia farmgate price $6.40/kgMS.

2018-19 season price announcements/forecasts – Fonterra $5.85/kgMS, Saputo $5.75/kgMS, Bega Cheese $5.85/kgMS, Burra Foods $5.60-$5.90/kgMS, Lion Dairy & Drinks $5.82-$6.10/kgMS, ACM $6.00/kgMS, Parmalat $5.90/kgMS, Bulla Dairy Foods $5.80-$6.20/kgMS.

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1. Other acronyms are defined on page 4.
**Subtropical**

- 3% increase from April 2018 to May 2018.
- 30% down on the 10 year May average. All areas of Subtropical forecast to have a lower than 50% chance of exceeding median July-September rainfall.

**New South Wales**

- 2% decrease from April 2018 to May 2018.
- 69% below the 10 year May average. Most of NSW forecast to have less than a 40% chance of exceeding median July-September rainfall.

**Murray**

- 11% increase from April 2018 to May 2018.
- 5% down on the 10 year May average. Only a 20-25% chance of exceeding median July-September rainfall.
- 15% increase from April 2018 to May 2018.

More information:
- [Dairy co-operative, Norco, reinstated as primary milk supplier to NSW hospitals](#) – Read more.
- [Aspirations for the Queensland Dairyfarmers' Organisation set in board meeting](#) – Read more.
- [Northern Victoria and Murray Irrigation System prices up 15% and 10% from April to May](#), respectively.
**Gippsland**
- 3% decrease from April 2018 to May 2018.
- 9% up on the 10 year May average. Less than a 50% chance of exceeding median July-September rainfall.
- 0.5% decrease from April 2018 to May 2018.
- *Gippsland dairy farmers encouraged to join peer-to-peer solar scheme to reduce energy bills – Read more.*

**Western Victoria**
- 18% increase from April 2018 to May 2018.
- 56% up on the 10 year May average. 50% or lower chance of exceeding median July-September rainfall in all areas.
- 12% increase from April 2018 to May 2018.
- *A survey of dairy farmers found over a quarter are looking at leaving the industry – Read more.*

**Tasmania**
- 4% decrease from April 2018 to May 2018.
- 34% down on the 10 year May average. 50% or higher chance of exceeding July-September median rainfall.
- 4% increase from April 2018 to May 2018.
- *Rural confidence swells to 18 month high as optimism in Tasmania’s dairy sector continues – Read more.*

**South Australia**
- 1% increase from April 2018 to May 2018.
- 27% down on the 10 year May average. Dairy regions forecast to have 40% or lower chance of exceeding median July-September rainfall.
- 8% increase from April 2018 to May 2018.
- *Rabobank survey shows farm confidence slumps in SA due to dry conditions – Read more.*

**Western Australia**
- 2% increase from April 2018 to May 2018.
- 19% down on the 10 year May average. 50% or lower chance of exceeding July-September median rainfall.
- 1% increase from April 2018 to May 2018.
- *Rabobank’s quarterly survey indicates negative sentiment across all commodities and regions of WA – Read more.*
For information on the methods and used to calculate the numbers presented in the Dairy Bulletin visit [www.agriculture.gov.au/milkpriceindex](http://www.agriculture.gov.au/milkpriceindex)

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Full name</th>
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<tbody>
<tr>
<td>$/kgMS</td>
<td>Dollars per kilogram milk solids</td>
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<tr>
<td>ABARES</td>
<td>Australian Bureau of Agricultural and Resource Economics and Sciences</td>
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<td>ACM</td>
<td>Australian Consolidated Milk</td>
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<tr>
<td>CMPI</td>
<td>Commodity Milk Price Index</td>
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<td>EU MMO</td>
<td>European Union Milk Market Observatory</td>
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<tr>
<td>SMP</td>
<td>Skim milk powder</td>
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<tr>
<td>USA</td>
<td>United States of America</td>
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<tr>
<td>USDA</td>
<td>United States Department of Agriculture</td>
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<tr>
<td>WMP</td>
<td>Whole milk powder</td>
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